



**U.S.  
Equal  
Employment  
Opportunity  
Commission**

# Office of the Inspector General



## Semiannual Report to the Congress

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October 1, 2002 - March 31, 2003

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# MESSAGE TO THE CHAIR

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April 30, 2003

The Honorable Cari M. Dominguez  
Chair  
Equal Employment Opportunity Commission  
Washington, D.C. 20507

Dear Madam Chair:

I am submitting to you the Office of Inspector General's Semiannual Report to Congress, as required by the Inspector General Act of 1978, as amended. The report summarizes accomplishments for the period of October 1, 2002 through March 31, 2003. The Act requires that you transmit this report, along with the management report prepared by the Office of Chief Financial Officer and Administrative Services, to the appropriate congressional committees by May 31, 2003.

During this reporting period, we conducted the Agency's first ever audit of its financial statements. Although not required to do so, the Agency's preparation of financial statements and OIG's audit of those statements represent significant progress for EEOC in improving its management of financial resources. Auditors concluded that the Agency's conversion to the Integrated Financial Management System was successful, and that controls over payroll, disbursements and equipment were in place and operating effectively. Auditors found also that improvements are needed in the process and preparation of financial statements and internal controls over financial reporting. These audit findings and recommendations provide the foundation for the Agency's new financial reporting requirements under the *Accountability of Tax Dollars Act of 2002*.

The staff of OIG is committed to making EEOC a model workplace. We appreciate your cooperation and support and that of all EEOC employees.

Sincerely,



Aletha L. Brown  
Inspector General

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## EXECUTIVE SUMMARY

This is the 28<sup>th</sup> semiannual report issued by the Equal Employment Opportunity Commission's (EEOC) Office of Inspector General (OIG) since becoming a statutory Inspector General in 1989, pursuant to the 1988 amendments to the *Inspector General Act of 1978, as amended*.

This report summarizes OIG's activities and accomplishments for the period October 1, 2002 through March 31, 2003. This section of the report highlights selected audits, investigations, staff activities and other projects completed during the reporting period.

During the period, investigative staff closed 116 matters, of which 102 were hotline contacts. A report was issued by OIG that concluded a field office investigator engaged in criminal, infamous, dishonest, immoral or notoriously disgraceful conduct, or other conduct prejudicial to the Government.

Included among OIG's investigative activities during the reporting period were investigations involving allegations of misuse of the Government Travel Card, misuse of government credentials, and transit subsidy fraud. The allegations surrounding the misuse of the Government Travel Card included personal charges for hotels, gas stations, restaurants, etc., in and around the subject employee's duty station. The card was also used for several personal trips to Puerto Rico. The subject retired from federal service during the course of OIG's investigation and paid the travel card vendor for the unauthorized charges. OIG subsequently closed the case since administrative action was no longer possible. While evidence uncovered in OIG's investigation confirmed allegations that several Headquarters' staffs were receiving both government transit subsidies and government subsidized parking, it was determined that there was no violation of Government regulations.

Currently OIG has investigations ongoing in headquarters and five field offices regarding allegations of employee misconduct, mismanagement by senior Agency officials, falsification of time and attendance records, falsification of travel vouchers, misuse of government equipment, false statements under oath, conflicts of interest, and impersonation of an EEOC official.

During the reporting period, OIG hired a second investigator who is currently attending the Basic Criminal Investigator Training at the Federal Law Enforcement Training Center in Glynco, Georgia.

OIG's investigators have become part of the Agency Emergency Response Team and have provided invaluable information and assistance to the Agency in its efforts to develop and implement a comprehensive emergency response plan including a Shelter-in-Place plan in case of a biological, chemical or nuclear attack.

OIG conducted its first ever audit of the Agency's Annual Financial Statements. OIG contracted with Cotton & Co. LLP to conduct a "pre-audit" of the Commission's FY 2002 financial statements. Although the Agency is not required to prepare auditable annual financial statements until FY 2004, the Inspector General and Chief Financial Officer, in the interest of promoting sound financial management, decided that a pre-audit of the Commission's newly produced FY'02 financial statements would be beneficial. The pre-audit was conducted following the same criteria and guidance as if an audit opinion was being issued. The primary purpose of the pre-audit was to identify strengths and weaknesses in the financial statements and the Commission's financial reporting process, to provide a framework for the Agency in preparing its FY 2003 financial statements in accordance with the *Accountability of Tax Dollars Act of 2002*. The preliminary draft report was issued to the Inspector General on March 27, 2003 for review and comment. The final draft will be circulated to management for comments to be included in the final report which is expected to be issued by April 30, 2003.

OIG completed an evaluation of EEOC's infrastructure use and space utilization, examining whether increasing use of telework may create options for improving effectiveness and efficiency of selected infrastructure, particularly office space and technology. Techniques of the evaluation included analyzing survey and focus group data gathered during visits to four EEOC field offices, and designing and building a cost model. OIG found that implementation of frequent telework could result in substantial net savings for each of the four field offices we studied. For those offices, the cost model shows net savings of about \$1.3 million in the first five years. Savings come from office sharing among those who telework frequently, resulting in reduced space needs. This lowers costs for real estate and produces savings that are substantially higher than the costs to set up and maintain a frequent telework program. Annual cost savings begin in the second year of frequent telework. Major cumulative savings begin in the third year.

The National Academy of Public Administration report, *EEOC: Organizing for the Future*, cited OIG's study as thorough and well presented, and recommends that the agency develop and implement a telecommuting pilot. Further, the report served as the primary impetus for the Chief Financial Officer's development of an agency goal of reducing real estate costs by 35 percent in five years. In addition, OMB and GSA have cited the report as useful in EEOC's efforts to become more efficient.

OIG's audit, evaluation and program review activities also included a review of the implementation of the Agency's personnel and payroll system—Federal Personnel/Payroll System (FPPS). We found that FPPS's overall planning, its implementation, as well as its execution was satisfactory. Furthermore, in our opinion, the Agency has established acceptable internal controls to ensure that Agency data is properly secured and access limited only to authorized personnel.

OIG conducted a limited review of the Agency's new "Open System (Book)" approach to financial management as evidenced in the Integrated Financial Management System. We concluded that this approach did not adversely effect or impede Agency information security controls.

In accordance with the *Federal Managers' Financial Integrity Act* and other applicable guidelines, OIG reviewed the Agency's management control reporting process. We concluded that the Agency's management control evaluation process was conducted appropriately. However, we found outdated management control information, as well as shortcomings in the data gathering instrument, and the untimely submission of report information to OIG for review.

OIG initiated a review of the Agency's internal control evaluation process to determine compliance with the Office of Management and Budget (OMB) Circular A-123, Management Accountability and Controls which establishes specific requirements with regard to management controls. OIG plans to issue the final report during the 3<sup>rd</sup> quarter of FY 2003.

The *Government Performance and Results Act of 1993 (GPRA)*, requires Federal agencies to prepare strategic plans, annual performance plans, and performance reports. OIG is conducting an assessment of the Agency's *2004 Annual Performance Plan* and *2002 Annual Performance Report* to determine how well EEOC reports and supports GPRA performance information. The assessment will determine if these documents contain information that is useful in determining intended performance, credibility of performance data and progress towards meeting Agency goals. We plan to issue a report to the Chair by September 30, 2003.

OIG issued a Fraud, Waste and Abuse Alert to all Agency employees regarding identity theft. Identity theft is the number one consumer fraud in the nation. Accordingly, we felt it important to provide Agency employees with information on protection and recovery from identity theft. The Alert was issued in compact disk format to all Agency Office Directors to share with their staff, and as well an electronic version was issued in PDF format and placed on the Agency's intranet website, inSite.

OIG began development of a frequent telework pilot program, for OIG staff. The pilot will begin during the 3<sup>rd</sup> quarter of FY 2003 using the guidelines and requirements described in our report's telework model. Upon completion of our pilot, we plan to provide Agency management with lessons learned from our experience with frequent telework.

Other OIG activities included participation in forums hosted by the International Telework Association Council and the MidAtlantic Telework Association Council, during which OIG presented the methodology and findings from OIG's report, "Reducing Infrastructure Costs Through Increased Use of Telework" (OIG Report Number 01-13-AMR), including how the OIG determined staff attitudes about telework and which categories of employees were well-suited for frequent telework.

In an effort to gain greater understanding of Agency programs several OIG staff attended a three-day EEOC-sponsored course exploring the purposes and techniques of Alternative Dispute Resolution.

## THE OFFICE OF INSPECTOR GENERAL

The *Inspector General Act of 1978* was passed to ensure a level of integrity and efficiency that fulfills the American taxpayer's expectation for excellence and accountability in the Federal Government and its programs. Inspectors General are under the general supervision of the agency head and have substantial independence, authority and responsibility to conduct audits and investigations of agency programs. They have direct access to all agency records and materials (physical and electronic); issue subpoenas for necessary information, data, reports, and other evidence; administer oaths before taking testimony; hire staff; and request assistance from other Federal, state and local government agencies. They also act as independent fact finders, undertaking initiatives at the request of the agency head, and provide assessments in such areas as financial management systems and internal controls. Generally, the Inspector General (IG) and agency management pursue the same goal of efficient and effective program operation and service delivery.

Congress established an Office of Inspector General at the Equal Employment Opportunity Commission (EEOC) through the 1988 amendment of the *Inspector General Act*, which expanded authority to independent agencies and federal entities. OIG's primary responsibility is to assist the EEOC by ensuring integrity, efficiency, and accountability in the agency's programs to enforce laws against discrimination in the workplace. Specifically, OIG supports the Agency by carrying out its mandate to independently and objectively conduct and supervise audits and investigations; prevent and detect fraud, waste, and abuse; and promote economy and efficiency in programs and operations. The OIG keeps EEOC's Chair and members of the Congress fully and currently informed about problems, recommends corrective action(s), and monitors the EEOC's progress in implementing such actions.

### Organizations and Functions

The OIG is under the supervision of the IG, who provides overall direction, coordination, and leadership to staff. The OIG includes a deputy inspector general, an audit and evaluation staff, an investigative staff, an independent counsel, and an administrative staff. The Deputy Inspector General serves as alter ego of the Inspector General and has the responsibility for providing overall program guidance, direction and supervision to audit, evaluation and investigative staffs. The audit program provides assurance to the Chair and Congress that EEOC programs are working efficiently and effectively. The audit staff conducts performance and financial audits, as well as special reviews and evaluations. These audits focus on management controls, administrative and program operations, transaction processing and financial and other information systems. In special evaluations, the OIG considers the implications of EEOC programs, operations and policies.

The mission of the investigative program is to perform investigative activities related to the integrity of the EEOC's programs. Most of OIG's investigations focus on violations of law or misconduct by

Agency employees, as well as, allegations of irregularities or abuses in operations and programs. When needed, OIG's investigators work in concert with other law enforcement entities. More than half of investigative inquiries result from employees and the general public calling OIG's 24-hour telephone (hotline) to report wrongdoing. A significant amount of these calls concern EEOC's discrimination complaint process and are referred to the appropriate program office.

OIG's Counsel to the IG (CIG) supervises the day-to-day operations of the Investigative Program, and provides independent legal advice on issues concerning criminal law and procedures, evidence, and administrative and constitutional law as they relate to OIG's investigative program. Counsel develops legal interpretations of appropriation law, financial management statutes and regulations and procurement and funding rules in support of the OIG's audit program. The CIG reviews each report product issued by OIG for legal sufficiency. Additionally, the CIG conducts reviews and provides comments on existing and proposed legislation, regulations, directives and policy issues that affect EEOC and OIG programs and operations.

The administrative and program support staff maintain control of OIG funds, manage personnel and procurement operations, operate OIG's hotline, respond to inquiries from the public and perform a variety of other support functions.

During the reporting period OIG hired a new criminal investigator who is currently attending the Basic Criminal Investigator training at the Federal Law Enforcement Training Center in Glynco, Georgia.

## **The Equal Employment Opportunity Commission**

The EEOC is the federal agency responsible for enforcement of: *Title VII of the Civil Rights Act of 1964*; the *Equal Pay Act of 1963*; the *Age Discrimination in Employment Act of 1967 (ADEA)*; in the Federal sector only, *section 501 of the Rehabilitation Act of 1973*; *Title I of the Americans with Disabilities Act of 1990 (ADA)*; and the *Civil Rights Act of 1991*. These statutes prohibit employment discrimination based on race, sex, religion, national origin, age, or disability. The EEOC is also responsible for carrying out Executive Order 12067, which promotes coordination and minimizes conflict and duplication among federal agencies that administer statutes or regulations involving employment discrimination. The overall mission of the EEOC is to prevent discrimination from occurring in the workplace, eliminate discrimination that has occurred in the workplace and investigate and adjudicate allegations of such discrimination.

In October 2002, the EEOC unveiled a new web page describing the agency's role in coordinating the federal government's efforts to eradicate discrimination in the American workplace. The web page, entitled "EEOC Coordination of Federal Government Equal Employment Opportunity in the Workplace," which may be accessed through [www.eeoc.gov](http://www.eeoc.gov), highlights the EEOC's leadership in



ensuring that federal agencies work together in opposition to workplace discrimination. The new web page also contains links to legal materials that can help federal agencies coordinate their efforts, web sites of other federal agencies that play a role in the federal government's efforts to combat workplace discrimination, and links to Memoranda of Understanding (MOU) between the EEOC and other federal agencies which may share overlapping jurisdiction.

The agency reopened and dedicated its New York District Office on Friday, November 15, 2002, at its new headquarters located at 33 Whitehall Street in lower Manhattan. The New York District Office was previously located in 7 World Trade Center which collapsed as a result of the September 11, 2001, terrorist attack.

In December 2002, the EEOC issued a new Compliance Manual section on the prohibition against national origin discrimination under *Title VII of the Civil Rights Act of 1964*. The new guidance explains the prohibition against national origin bias and emphasizes "best practices" aimed at fostering work environments that are free of such discrimination. It addresses a wide range of issues that arise in claims of national origin discrimination, including hiring decisions, harassment, and language issues.

On February 6, 2003, the agency released data about charges of discrimination which were filed in FY 2002. The statistics indicated that 84,442 charges were filed in FY 2002, a 4.5% increase from the previous year. Of the 84,442 charge filings, the biggest increases were in allegations of religious discrimination (up 21% from FY 2001), age bias (up 14.5%), and national origin discrimination (up 13%) The total breakdown of charge filings for FY 2002 is as follows:

- 29,910 alleged **race discrimination** (up 3.5% from FY 2001)
- 25,536 alleged **sex/gender discrimination** (up 1.6% from FY 2001)
- 22,768 alleged **retaliation** (up 2% from FY 2001)
- 19,921 alleged **age discrimination** (up 14.5% from FY 2001)
- 15,964 alleged **disability discrimination** (down 3% from FY 2001)
- 9,046 alleged **national origin discrimination** (up 13% from FY 2001)
- 2,572 alleged **religious discrimination** (up 21% from FY 2001)
- 1,256 alleged **Equal Pay Act violations** (unchanged from FY 2001)

During that same time period EEOC resolved 95,222 private sector charges in FY 2002, a 6% increase from the previous year.

In FY 2002, EEOC asked the National Academy of Public Administration (NAPA) to assist it in preparing the restructuring plan and the strategic human capital plan required by the President's Management Agenda and related Office of Management and Budget (OMB) and Office of Personnel Management (OPM) directives. In February 2003, NAPA issued its report, *EEOC: Organizing for the Future*, which contained a wide-ranging set of recommendations to address a number of interrelated issues of organizational structure, budget realignment, technology use, human capital

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management and performance management. The Agency is currently reviewing the NAPA recommendations.

In March 2003, EEOC announced the implementation of a new voluntary mediation pilot program in which private sector discrimination charges filed with the EEOC will be referred back to a participating employer's internal dispute resolution program, if appropriate. Under the new pilot, an individual who has filed a discrimination charge against a participating employer may elect to have his or her charge held in suspense for a period not to exceed 60 days in order to provide the charging party and the employer an opportunity to resolve the dispute using the employer's existing dispute resolution program.

The expansion of voluntary mediation to resolve discrimination charges is the centerpiece of EEOC Chair Cari Dominguez's 5-Point Plan to improve the EEOC's overall operational efficiency and effectiveness and will serve as a supplement to the agency's highly successful National Mediation Program.

## Management Challenges Facing EEOC

The EEOC continues to progress on the President's Management Agenda initiatives. These government-wide initiatives provide a road map for transforming departments and agencies into model organizations that are performance based, results driven and customer centered. In addition to progress on the President's Management Agenda initiatives, the Agency plans to overhaul the federal sector discrimination complaint process, an important challenge identified by OIG in the last semiannual report to Congress.

EEOC's most significant challenge in this reporting period has been to improve financial performance. OIG completed the first ever audit, of Agency financial statements for Fiscal Year 2002, a practice audit which no opinion was rendered. This was an important accomplishment since financial statements were produced in advance of the FY 2004 requirement, and demonstrated that the transition to the new Integrated Financial Management System was a success. Management identified a shortfall in the FY 2003 budget that required a supplemental appropriation from Congress thereby averting furloughs for all employees. Presently, increased congressional oversight will ensure better Agency financial forecasting and planning. In order to obtain "green" on the Management Scorecard, EEOC needs to receive an unqualified audit opinion on its annual financial statements, meet all financial statement reporting deadlines, and produce accurate financial information on demand.

During the period, the National Academy of Public Administration issued its report, *EEOC: Organizing for the Future* which offered recommendations to improve the strategic management of human capital. Although additional study is needed before implementing critical organizational restructuring initiatives, the Agency is making progress in this area. The Office of Human Resources is proceeding with reviews of employee position descriptions, revising SES and manager performance plans that link to agency mission, goals and outcomes, and developing succession strategies that should result in a leadership talent pool. To obtain "green" on the Management Scorecard, a comprehensive Human Capital Plan must be implemented, organizational structures must be analyzed and optimized from service and cost perspectives, and outcome measures must be used to make Human Capital decisions, demonstrate results, make key program and budget decisions, and drive continuous improvement in the Agency.

The Agency continues to show strong progress in the Electronic Government (E-Gov) initiative. This fiscal year a new EEO-1 on-line reporting system will be available for testing; and E-Assessment and E-Questionnaire prototypes for private sector charges will be implemented nationwide and preliminary results will be measured. Demonstrating progress under the competitive sourcing initiative, competitive sourcing and the process requirements of OMB Circular A-76 will be used to conduct a market-based competition for desktop management business requirements for a "best value" solution. Finally, an EEOC Strategic Planning Working Group has offered a revised strategic plan with outcome oriented goals and objectives showing progress in the budget and performance integration initiative.

During the period, stakeholders met with Agency Commissioners and complained that the federal sector discrimination complaint process was too lengthy, the system lacked the ability to weed out frivolous cases, and EEOC often failed to penalize agencies for missing deadlines. To improve the process during FY 2003, the Office of Federal Operations plans to assist in the design and implementation of strategic programs that identify and eliminate barriers to equal opportunity, which should demonstrate improved performance in 10 federal agencies. Further, a revised *Management Directive 715*, which provides policy guidance on the essential elements of a model EEO program, will be issued in the next reporting period.

## THE AUDIT AND EVALUATION PROGRAM



*All work conducted under the Audit Program supports the OIG Strategic Goal to improve the economy, efficiency, and effectiveness of EEOC programs, operations, and activities.*

### COMPLETED ASSIGNMENTS

#### **Reducing Infrastructure Costs Through Increased Use of Telework**

OIG conducted an evaluation of EEOC's infrastructure use and space utilization, examining whether increasing EEOC's use of telework may create options for improving effectiveness and efficiency of selected EEOC infrastructure, particularly office space and technology. Techniques of the evaluation included analyzing survey and focus group data gathered during visits to four EEOC field offices, and designing and building a cost model.

OIG found that implementation of frequent telework could result in substantial net savings for each of the four field offices we studied. For those offices, the cost model shows net savings of about \$1.3 million in the first five years. Savings come from office sharing among those who telework frequently, resulting in reduced space needs. This lowers costs for real estate and produces savings that are substantially higher than the costs to set up and maintain a frequent telework program. Annual cost savings begin in the second year of frequent telework. Major cumulative savings begin in the third year. OIG recommended that management consider implementing a pilot frequent telework initiative to achieve cost savings for one or more of the offices that we studied. Management is considering a voluntary frequent telework program.

The National Academy of Public Administration report, *EEOC: Organizing for the Future*, cited the study as thorough and well presented, and recommends that the agency develop and implement a telecommuting pilot. Further, the report served as the primary impetus for the Chief Financial Officer's development of an agency goal of reducing real estate costs by 35 percent in five years. In

addition, OMB and GSA have cited the report as useful in EEOC's efforts to become more efficient.

### **FY 2002 Financial Statement Audit of the Equal Employment Opportunity Commission**

During the reporting period, OIG contracted with Cotton & Co. LLP to conduct a "pre-audit" of the Commission's FY 2002 financial statements. The agency was not required under the *Chief Financial Officers' Act (CFO Act)* to prepare annual financial statements for audit. The Inspector General working with the Chief Financial Officer in the interest of promoting sound financial management decided that it would be beneficial to have a pre-audit of the Commission's newly produced FY '02 financial statements. The pre-audit was conducted following the same criteria and guidance as if an audit opinion was being issued. The primary purpose of the pre-audit was to identify strengths and weaknesses in the financial statements and the Commission's financial reporting process, to provide a framework for the Agency in preparing its FY 2003 financial statements at which time it will be required to produce annual audited financial statements, in accordance with the *Accountability of Tax Dollars Act of 2002*.

The preliminary draft report was issued to the Inspector General on March 27, 2003 for review and comment. Auditors concluded that the conversion to the Integrated Financial Management System was successful. Other accomplishments included producing financial statements for fiscal year 2002, even though they were not required; and controls over payroll, disbursements and equipment that were in place and operating effectively. However, the draft report indicated that EEOC needed to improve its processes and procedures for preparing its financial statements, strengthen controls over the financial reporting process, and that policies and procedures be developed in regards to its information systems' security, access controls, and continuity of operations plan. The final draft will be circulated to EEOC management for comments which will be included in the final report which is expected to be issued by April 30, 2003.

### **Assessment of the Implementation of the Federal Personnel/Payroll System (FPPS)**

OIG issued a final report concerning the Assessment of the Implementation of the Federal Personnel/Payroll System (FPPS). In our final report we stated that it was our opinion that FPPS had a successful first year and that the success of this implementation was largely attributed to solid teamwork between all parties involved. We found no significant problems regarding FPPS's overall planning, its implementation, as well as its execution. Furthermore, in our opinion, the Agency has established acceptable internal controls to ensure that Agency data is properly secured and access limited only to authorized personnel.

### **Management Advisory - "Open System (Book) Approach to Financial Management"**

During the reporting period OIG issued a Management Advisory to the Agency's Chief Information Officer (CIO) and the Chief Financial Officer (CFO) regarding the CFO's use of an "Open System (Book)" approach to financial management contained in the Integrated Financial Management System. In response to questions raised by the CIO concerning the security of Agency's financial information under this approach, the OIG conducted a limited review and concluded that the CFO's "Open System (Book) Approach" did not adversely effect or impede Agency information security controls.

### **Limited Review of EEOC's Management Control System**

During the reporting period OIG conducted a limited review of EEOC's management control system, as prescribed by the *Federal Managers' Financial Integrity Act (FMFIA)*; the *Office of Management and Budget's (OMB) Circular A-123, Management Accountability and Control*; and *EEOC Order 195.001, Internal Control Systems*. The Agency's management control evaluation process is managed through the Agency's Office of Research, Information and Planning.

Based upon information obtained we found that the Agency's management control evaluation process was conducted in accordance with applicable guidelines. However we found outdated management control information, as well as shortcomings in the data gathering instrument. In addition we cited ORIP's untimely submission of information to OIG for review.

## **ONGOING AUDIT AND EVALUATION ACTIVITIES**

### **Review of EEOC's Federal Managers' Financial Integrity Act (FMFIA) Procedures**

OIG is reviewing the Agency's internal control evaluation process to determine compliance with the *Office of Management and Budget (OMB) Circular A-123, Management Accountability and Controls* which establishes specific requirements with regard to management controls. Our review is an assessment of the data contained in the FY 2002 annual assurance statements, as well as other reports and data gleaned from interviews and discussions with management officials. This review will address the issues of outdated management control information, shortcomings in the FMFIA data gathering instrument, untimely submission of information to OIG for review, as well as, other areas from selected headquarters and field offices.

### **Assessment of the Agency's 2004 Annual Performance Plan and 2002 Annual Performance Report**

OIG is conducting an assessment of the Agency's *2004 Annual Performance Plan* and *2002 Annual Performance Report* to determine how well EEOC reports and supports *GPRA* performance information. The *Government Performance and Results Act of 1993 (GPRA)* requires Federal

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agencies to prepare strategic plans, annual performance plans, and performance reports. The assessment will determine if these documents contain information that is useful in determining intended performance, credibility of performance data and progress towards meeting Agency goals. We plan to issue a report to the Chair by September 30, 2003.

## OTHER AUDIT & EVALUATION ACTIVITIES

### Single Audit Act

The *Single Audit Act of 1984*, requires recipients of federal funds to arrange for audits of their activities. Federal agencies that award these funds must review resulting audit reports to determine whether prompt and appropriate corrective action has been taken in response to audit findings. During the reporting period OIG conducted no such reviews.

### Audit Followup

As required by *Section 5(a)(3) of the Inspector General Act of 1978, as amended*, semiannual reports shall include identification of each significant recommendation previously reported on which corrective action has not been completed. OIG has no reports with recommendations previously reported to which corrective action has not been completed.

As required by *Section 5(a)(1) of the Inspector General Act of 1978, as amended*, semiannual reports shall include a summary of each audit report issued before the commencement of the reporting period for which no management decision has been made by the end of the reporting period. OIG has no audit/evaluation reports that were issued before the commencement of the reporting period for which no management decision has been made by the end of the reporting period.





## THE INVESTIGATIVE PROGRAM

*The Investigative work performed supports OIG's Strategic goal to focus limited investigative resources on issues that represent the greatest risk, and offer the maximum opportunity, to detect and prevent fraud, waste and abuse in EEOC programs and operations.*

During the period, Investigations staff closed 116 matters, of which 102 were hotline contacts. Charge processing issues were referred by Congress, other Inspector Generals, or at the written request of charging parties or respondents. These charges were either resolved by OIG and/or directed to field offices, the Office of Field Programs (OFP) and the Office of Federal Operations (OFO), for appropriate action.

### Investigative Inquiries Received During Reporting Period

ALLEGATIONS	TOTAL
Charge Processing	70
Other	34
Title VII	11
Mismanagement	2
Ethics	3
Theft	0
Other Criminal Violations	2
Fraud	18
<b>TOTALS</b>	<b>140</b>

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## COMPLETED INVESTIGATIONS

### Inappropriate Conduct

OIG issued a report to management addressing the inappropriate conduct, by an EEOC field office investigator, toward a charging party. OIG found that the employee did engage in inappropriate behavior toward a charging party during the pendency of her charge of discrimination. OIG further found that in doing so the employee engaged in criminal, infamous, dishonest, immoral or notoriously disgraceful conduct, or other conduct prejudicial to the Government. Agency management is determining appropriate corrective action and OIG continues to provide investigative support as requested.

### Abuse of Government Franking

OIG conducted a preliminary investigation into alleged abuse of the Government franking privilege by an Agency employee. The employee was alleged to have sent personal correspondence to a friend using Agency franking. OIG determined that although a violation did occur, it was *de minimis* and did not warrant criminal prosecution. The matter was referred to Agency management officials for appropriate corrective action.

### Government Travel Card Fraud

Allegations involving an employee's misuse of the Government Travel Card were received and an investigation ensued. The allegation alleged that the subject had used the Government Travel Card for personal charges at hotels, gas stations, restaurants and so forth, in and around his duty station. The subject also used the travel card for several personal trips to Puerto Rico. During the course of the investigation the subject retired from government service and paid the travel card company for the unauthorized charges. OIG subsequently closed the investigation since administrative action was no longer possible.

### Misuse of Government Credentials

OIG received a complaint alleging that an employee represented himself as a law enforcement official in order to gain access to confidential criminal record information about the boyfriend of his ex-wife. OIG conducted preliminary inquiries into the allegations and determined that the employee's actions did not rise to a level of criminality. OIG then referred the matter to Agency management officials for appropriate administrative action.

### Transit Subsidy Fraud

Allegations concerning the alleged abuse of the Government Transit Subsidy Program were received by OIG. It was alleged that several employees were receiving the government transit subsidy and were also receiving government subsidized parking at the same time and that receipt of both subsidies was a violation of Government regulations. An investigation of this matter was conducted and it was determined that several employees were receiving both subsidies, however, OIG determined that there was no violation of Government regulations. Accordingly, the case was closed.

### **Conflict of Interest in Post Employment Activity**

OIG investigated an allegation that a former employee was the attorney of record in litigation of a charge of discrimination, in which he personally and substantially participated prior to his departure from the Agency. OIG conducted a preliminary investigation into the matter and determined that the subject did personally and substantially participate in the case prior to departure, however upon notice of possible violation of *Title 18 U.S.C. § 207*, the subject withdrew as counsel of record. Accordingly, OIG closed the case.

### **Contract Fraud Investigation**

OIG received a complaint alleging the Cleveland District Office entered into a contract with Cleveland Life Newspaper, to participate in the 8<sup>th</sup> Annual Black Family Expo, and was charged \$895.50. The Expo failed to materialize and the Agency was never refunded the monies. OIG initiated a preliminary investigation into the matter and determined that Cleveland Life Newspaper was currently under investigation by the Cleveland Police Department (CPD) for Theft By Deception for its role in the 8<sup>th</sup> Annual Black Family Expo. OIG advised the Cleveland District Office to contact CPD to be added to the list of complainants. OIG has since determined the owner of Cleveland Life Newspaper has entered into an agreement to repay the monies.

## **ONGOING INVESTIGATIVE ACTIVITIES**

Currently OIG has investigations ongoing in headquarters and five field offices regarding allegations of employee misconduct, mismanagement by senior Agency officials, falsification of time and attendance records, falsification of travel vouchers, misuse of government equipment, false statements under oath, conflicts of interest, and impersonation of an EEOC official. A matter involving prohibited personnel practices by a management official is under review by the Office of Special Counsel (OSC). OIG provided its preliminary investigative data to OSC which plans to share its investigative findings with OIG.

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## **OTHER INVESTIGATIVE ACTIVITIES**

OIG investigators have become part of the Agency Emergency Response Team and have provided invaluable information and assistance to the Agency in its efforts to develop and implement a comprehensive emergency response plan including a Shelter-in-Place plan in case of a biological, chemical or nuclear attack.

During the reporting period, OIG hired a second investigator who is currently attending the Basic Criminal Investigator Training at the Federal Law Enforcement Training Center in Glynco, Georgia.

## OTHER OIG ACTIVITIES

### **Legislative and Regulatory Matters**

During the reporting period, OIG reviewed EEOC Automated Information Security Program, EEOC Order No. 240.005, and Equal Employment Opportunity Management Directive - 715. OIG also reviewed H.R. 4878, *Improper Payments Information Act of 2002*, as requested by the Office of Management and Budget. In addition, OIG staff attended meetings and reviewed draft reports generated by the General Accounting Office in connection with their evaluations of Business Tax Incentives and Diversity in the Senior Executive Service.

### **Fraud, Waste and Abuse Alert - When Bad Things Happen To Your Good Name**

Based upon information provided by the Federal Trade Commission, OIG issued a Fraud, Waste and Abuse Alert to all Agency employees regarding the dangers and pitfalls of identity theft. Identity theft is the Number One consumer fraud in the nation. Accordingly, we felt it important to provide Agency employees information on how to prevent this crime. The compact disk contains information regarding identity theft, how to protect yourself, and what to do if your identity has been stolen. We issued this Alert in compact disk (CD) format to all Agency Directors, to share with their staff, as well as placing an electronic document, in PDF format, on the Agency's intranet website, inSite. The compact disk also contained a video testimony of an individual who had suffered identity theft.

### **OIG Pilot Program - Implementation of Frequent Telework in the Office of Inspector General**

During this reporting period OIG issued a final report regarding its Assessment of Reducing Infrastructure Cost Through Telework. As part of this assessment we developed a telework model that is intended to save on real estate costs, without compromising the level of service or office productivity. The Agency is considering implementing a variation of this model in selected Agency offices.

OIG began development of a frequent telework pilot program, for OIG staff. The pilot will begin during the 3<sup>rd</sup> quarter of FY 2003 using the guidelines and requirements described in our report's telework model. The key elements of OIG's pilot program include: (1) majority of OIG staff teleworking 2-4 days per work; (2) office sharing (two desks per office or similar arrangement) for investigative, audit, and evaluation staff; and (3) the use of technology to enhance productivity. Upon

completion of our pilot, we plan to provide the Agency with a best practices, as well as lessons learned from our frequent telework pilot program.

### **Strategic Planning Working Group**

OIG's senior auditor participated in the Agency's Strategic Planning Workgroup which met periodically from October 2002 through March 2003. Their goal was to revise EEOC's current Strategic Plan by revising strategic goals and identifying appropriate performance measures. The work is ongoing and the group has conducted briefings for the Chair and Agency senior staff.

### **Professional Development and Associations**

#### **Investigative Training**

OIG Investigative staff attended four training sessions sponsored by the Office of Government Ethics (OGE) on the topics of Gifts Between Employees, Gifts From Outside Sources, Seeking Outside Employment and Conflicting Financial Interests. OIG's newly hired criminal investigator attended the Federal Law Enforcement Training Center's (FLETC) basic training for criminal investigators.

#### **Alternative Dispute Resolution**

The Senior Evaluator, an Auditor and a member of the Investigative staff attended a three day EEOC-sponsored course exploring the purposes and techniques of Alternative Dispute Resolution.

#### **International Telework Association Council**

Before an audience of federal telework managers, the Senior Evaluator presented methodology and findings from OIG's report, "Reducing Infrastructure Costs Through Increased Use of Telework" (OIG Report Number 01-13-AMR), including how the OIG determined staff attitudes about telework and which categories of employees were well-suited for frequent telework.

#### **MidAtlantic Telework Association Council**

The Senior Evaluator participated on a panel that included telework experts from Cisco and Citrix. The panel spoke on the needs of teleworking employees. The Senior evaluator explained how the OIG determined the needs of teleworkers, as described in "Reducing Infrastructure Costs Through Increased Use of Telework" (OIG Report Number 01-13-AMR).

### **Inspections and Evaluation Roundtable and the Information Technology Roundtable**

OIG participates in these working groups which are part of the joint President's Council on Integrity and Efficiency and Executive Council on Integrity and Efficiency (PCIE/ECIE). These groups focus on presenting results of inspections and evaluations by OIGs and on discussing issues of concern regarding OIG inspections, evaluations, and information technology programs. During the period, OIG responded to surveys conducted by the PCIE that addressed computer security issues and resources, and inspection and evaluation products and resources.

### **PCIE/ECIE Activities**

OIG staff participate regularly in inspector general community activities. This participation provides staff members with opportunities for development and leadership, as well as current and complete information on legislation, and audit, investigative, evaluative and legal issues that impact OIG operations. OIG staff submitted data for the 2002 Annual Report to the President, that identified challenges confronting EEOC management and reported on OIG activities conducted in support of the President's Management Agenda. OIG management participated in the Council of Counsels meetings, monthly ECIE meetings and PCIE Legislative Committee meetings. The Inspector General attended the Annual PCIE/ECIE Conference in March 2003.

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